



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
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DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 901

TO: All Rebase and Out-of-State Iowa Medicaid Hospitals

FROM: Iowa Department of Human Services, Iowa Medicaid Enterprise

DATE: April 28, 2010

SUBJECT: Implementation of APC Grouper Version 11.0

EFFECTIVE: January 1, 2010

Payment for outpatient hospital services under Iowa Medicaid is based on Medicare's Outpatient Prospective Payment System (OPPS). Ambulatory Payment Classifications (APCs) and relative weights are updated annually, effective January 1, using the most current calendar update as published by CMS. The IME was notified by 3M regarding a delay in receiving the January 1, 2010 APC Grouper software.

This delay was due to CMS deciding to re-release the Outpatient Code Editor (OCE), used by fiscal intermediaries (FIs) and Medicare Administrative Contractors (MACs) for the processing of claims. The re-release was to correct discrepancies within the OCE that could allow hospitals to submit incorrect claims and receive excess payments. This impacted hospital payments being paid under APCs. 3M was required to implement program changes to address the issue within its software.

The updated software was placed in production by the IME on February 11, 2010. All updates have now been completed in the IME claims processing system.

A mass adjustment of all outpatient claims with dates of service between January 1, 2010 and February 15, 2010 will be completed and included on the hospital's April 26th remittance advice. An additional section has been added to the end of the remittance advice to show mass adjustments claims separately with a subtotal.

If you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at 1-866-863-8610 or 515-256-4610 or by e-mail at: costaudit@dhs.state.ia.us.